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IN THE UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

AT PORTLAND

KOUNT, INC., a Delaware corporation, 　　　　　Plaintiff, 　v. IOVATION INC., a Delaware corporation, 　　　　　Defendant.	Case No. CV-09-00255-HA DECLARATION OF SCOTT WADDELL

I, Scott Waddell, declare:

1.　　I am the Vice President of Technology of iovation Inc. ("iovation"). I have held that position since December 1, 2009. Prior to serving in that position, I served as iovation's Director of Research beginning on April 1, 2008. I make the statements in this declaration based on my personal knowledge.

2.　　I have a Master of Science degree in Electrical Engineering from Purdue University, which I received in 1992. I have worked for more than 17 years with Internet-related

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entities to determine what information technology resources are needed to provide Internet-related functionality and to deploy and configure such technology. Prior to working for iovation, I worked for Cisco Systems from 2002 to 2008 doing such work. Before I worked for Cisco Systems I worked for WheelGroup Corporation from 1996 to 1998 doing similar work. Wheelgroup was acquired by Cisco in 1998 and I initially worked for Cisco doing similar work until 1999, before leaving to work independently as an investor and consultant in the field from 1999 to 2002. Prior to working for WheelGroup, I served as a United States Air Force officer in the Air Force Information Warfare Center working on Internet-related matters from 1993 to 1996.

3.   I reviewed Kount's Supplemental Brief in Opposition to iovation's Motion for Summary judgment in this case, as well as the two declarations of Bruce F. Webster. From those documents, I understand that Kount contends, among other things, that iovation supplies back-end functionality to iovation's merchant customers similar to the way web hosting contractors, such as Amazon Services LLC and Homestead Technologies, Inc., supply functionality to Internet-related companies.

4.   I understand that one of the steps of the patented process that Kount contends iovation performs is the first step of the claimed method, which states "said merchant website providing to said customer browser a redirect script request within a transaction form of said merchant website . . . ."

5.   The phrase "transaction form," as used in Kount's patent, is a term I recognize from my training and from my work for Internet-related businesses. A transaction form is used by an Internet-related business to collect information from each of its customers, such as the customer's name, address, the merchandise the customer is ordering, and the customer's credit card information. Such transaction forms are part of a web page and are typically created in hypertext markup language ("HTML") with blanks or boxes that the customers fill-in with their information, such as the information described above in this paragraph. In response to a request

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from a web browser running on the computer of a business's end-user customer, transaction forms are provided or "served" to the customer's web browser.
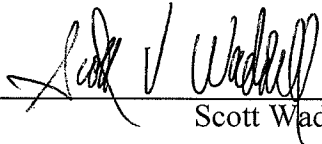
6.   iovation provides fraud prevention services to its merchant customers. I have worked with many of iovation's merchant customers to help them use iovation's fraud prevention services. Those merchant customers provide transaction forms to their end-user customers by using web server hardware and web server software, such as a computer running a Linux-based operating system and Apache web server software, or a computer running the Windows operating system and Microsoft' IIS web server software, to "serve" transaction forms over the Internet to their end-user customers.

7.   iovation does not provide either web server hardware or web server software to any of its merchant customers. Based on iovation documents I have reviewed, iovation has never supplied such hardware or software to its merchant customers. Our merchant customers provide web pages containing transaction forms to their end-user customers using their own web server hardware and web server software or by using the web server hardware and web server software of web site contractors other than iovation. All of iovation's merchant customers that I have assisted used web pages containing transaction forms prior to contracting with iovation to obtain fraud-prevention services.

8.   iovation's standard contracts with its merchant customers require them to disclose to their end-user customers that data will be collected from the end-users' computers to help prevent fraud. To utilize our fraud prevention services, each of our merchant customers or its web site contractor, if it uses one, must insert a reference to an external JavaScript resource in the web page containing the transaction form that the merchant or its web site contractor (not iovation) provides to the merchant's end-users. To repeat: iovation does not provide and has never provided either web server hardware or web server software that such businesses use to provide web pages containing transaction forms to their end-user customers.

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9.   iovation does not control its merchant customers, their web sites, or their web site contractors, nor direct the merchant customers or their contractors, regarding how they should serve web pages containing transaction forms to the merchants' end-user customers. Every part of the process of serving transaction forms to end-users and storing the information entered into the forms by end-user customers is implemented and controlled by the merchants or by their web site contractors, if they use one, not by iovation.

I declare under the penalty of perjury that the foregoing is true and correct.

_____
                                              Scott Waddell

Executed at Portland, Oregon on March 19 , 2010.